

Series EE Savings Bonds To Earn Fixed Rates Beginning With May 2005 Issues

FOR IMMEDIATE RELEASE

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The Treasury Department announced today that Series EE Savings Bonds issued on and after May 1, 2005, will earn fixed rates of interest. **The new fixed rate will apply for the 30-year life of each bond**, which includes a 10-year extended maturity period, unless a different rate or rate structure is announced and applied at the start of the extension period.

Rates for new issues will be adjusted each May 1 and November 1, with each new rate effective for all bonds issued through the following six months. Interest accrues monthly and is compounded semiannually. Savings bonds must be held a minimum of one year, and there is a three-month interest penalty applied to bonds held less than five years from issue date. At a minimum, Treasury guarantees that a bond's value will double after 20 years, its original maturity, and it will continue to earn the fixed rate set at the time of issue unless a new rate or rate structure is announced. If a bond does not double in value as the result of applying the fixed rate for 20 years, the Treasury will make a one-time adjustment at original maturity to make up the difference.

Series EE bonds issued prior to May 1, 2005, will continue to be governed by the terms in effect when they were issued.

Savings bonds are available in electronic or paper form. Paper EE bonds are issued at a 50 percent discount from face value, and electronic EE bonds are issued at face value. Issue prices for EE bonds start at \$25. Electronic savings bonds can be purchased directly from the Treasury Department by opening a TreasuryDirect online account at www.treasurydirect.gov. Paper savings bonds can be purchased either through a financial institution or through payroll savings plans offered by thousands of employers.

For more information on the fixed rate for EE Bonds, check our frequently asked questions at:

http://www.treasurydirect.gov/indiv/research/indepth/ebonds/res_e_faq.htm.